The Washington Post Monday 12 December 1983 C19

JACK ANDERSON

Buenos Aires Can Produce Nuclear Arms

While bombs are exploding in the Middle East, a time bomb is ticking in Argentina. And it has nuclear ingredients.

The new Argentine president, Raul Alfonsin, will face one of the most important decisions of any world leader during his six-year term: whether Argentina will produce the first Latin-American nuclear bomb.

Can the Argentines do it? They sure can.

The most recent CIA report on Argentina's nuclear capability, classified "Secret," estimates that the Argentine government could have a bomb by the end of next year if the project were given top priority, and in three years without a crash program. By 1986 Argentina will have all the necessary material and production facilities on its own soil.

U.S. intelligence agencies were caught by surprise recently when Adm. Carlos Castro Madero, longtime head of the Comision Nacional de Energia Atomica, announced that the commission had already developed the technology to make enriched uranium, a crucial ingredient in nuclear weapons.

Alfonsin vowed during his election campaign that if he discovered the military constructing a nuclear bomb he would have it dismantled immediately. Some analysts suspect Castro Madero's announcement was a last-minute effort by the outgoing military regime to undercut Alfonsin's promise.

From sources in Buenos Aires, classified intelligence reports, and CIA, State Department and congressional sources, my associates Dale Van Atta and Lucette Lagnado pieced together the story of Argentina's ambitious—and unsettling—hope of joining the nuclear club.

There are two ways to make a bomb: with enriched uranium or plutonium. The CIA has been especially concerned about Argentina's plutonium program. Plutonium can be manufactured by reprocessing the fuel rods in nuclear reactors. Argentina already has two nuclear power plants in operation, and by the end of the century it will have six.

Argentina has refused to sign either the Nuclear Nonproliferation Treaty or the Treaty of Tlateloco, which bans nuclear weapons in Latin America.

But so far, the Argentine nuclear plants cannot be used to make plutonium because the fuel rods are imported under contracts forbidding reprocessing into plutonium. If the Argentines decided to go the plutonium route they would be breaking the contracts and there would be serious international repercussions.

Even if they haven't been secretly squirreling away plutonium for weapons, as some sources suspect, the Argentines will be able to reprocess fuel rods at their Ezeiza atomic plant by 1986, giving them the ability to produce a nuclear bomb without dependence on foreign suppliers.

Meanwhile, Adm. Castro Madero's announcement of Argentina's enriched-uranium success constitutes an embarrassing failure by U.S. intelligence agencies. Only three weeks before his statement, one intelligence source stated positively that "the Argentines can't use enriched uranium for a bomb because they don't have a program for it."

Although most sources suggest that Argentina has not seriously been trying to build a bomb but is pursuing its nuclear energy program as a matter of prestige, the Reagan administration is concerned about the possibility of a Latin American nuclear power.

A secret White House directive has ordered U.S. intelligence agencies to "maintain close contact with the Argentine nuclear program and be alert to all possible ways of influencing Argentina to pursue a course which would not lead it to the point of developing a nuclear explosives capability."

Post
4 Dec 83

Jack Anderson

Pesos Worth Less By the Minute

War clouds hover over the Middle East and Central America, but the greatest threat to world stability today is runaway inflation.

Developing nations, while paying 30 times the 1969 price for their imported oil, are getting the lowest prices in 30 years for their own exports. The non-oil-exporting nations of the Third World are suffering through the lowest growth rates in several decades.

In Latin America, for instance, the average inflation rate is 80 percent. So these countries have turned to debt, which now hangs like the sword of Damocles over the West's financial structure. In 10 years, the debt owed to the banking system of the West by the Third World has multiplied by more than five times to more than $500 billion.

This has produced mind-boggling inflation in many countries. Consider, for example, the plight of Argentina. The worthlessness of the Argentine peso is reminiscent of the German mark's disastrous course in 1923, when wages were paid twice a day and it took a wheelbarrow full of paper money to buy a loaf of bread.

On a recent trip to Buenos Aires, my associate Dale Van Atta got a brief taste of what it's like to live in a society where money devaluates almost by the hour.

The country's economic woes began with Juan Peron's rise to power in the 1940s. Catering to the workers who were his base of support, Peron gave them pay raises by simply printing more and more money.

In the decades since, every non-military Argentine regime has continued the ruinous practice. According to a scathing State Department critique, the new civilian government of Raul Alfonsin will be hard pressed to break the cycle. The bad economics of the past have now been aggravated by extortionist oil prices, which are at the center of the problem today.

A recent confidential cable from the American embassy in Buenos Aires charts the incredible path of Argentine inflation over the years. From 1950 to 1980, Argentina's total inflation was 24 million percent—24,033,956 percent, to be precise. By comparison, U.S. inflation during that 30-year period totaled 242.8 percent.

Argentina's inflation rate this year, announced by the government at election time last month, stood at 924 percent—almost four times the inflation in one year that the United States experienced in 30 years.

Obviously, the only way to survive in an inflation as severe as Argentina's is to get rid of the local currency as fast as you can. For example, my associate found that if he changed $500 into pesos and didn't use them by the end of the week, he'd lose $100 through devaluation.

The results of inflation are illustrated in small ways and large:

- No sane restaurant owner posts the prices on his menu in anything but pencil.
- At times it is cheaper to paper a wall with pesos than with wallpaper.
- The only way to keep a hotel room rate constant from one night to the next is to pay it in dollars.
- Use of local credit cards is widespread, since by the time the monthly statement arrives the cost of the item or meal purchased is sometimes cut in half.
- The Argentine "installment plan" was described by one shopper this way: the first payment is due today, the second tomorrow and the final payment the day after tomorrow.
- Yankee dollars are highly coveted. Despite the illegality involved, almost any Argentine will gladly buy dollars for pesos at a rate more than 50 percent higher than the official exchange rate.

Over the years, Argentine governments have adopted various stopgap methods of dealing with at least the surface aspects of the country's staggering inflation. Mindful of the Germans' devastating experience of 60 years ago, the government earlier this year resorted to "re-denomination" of the currency. This involved printing new pesos worth more than the old ones by the simple expedient of dropping four zeroes.

It would be misleading to suggest that all this has driven the Argentine middle and upper classes to the kind of financial ruination the Germans suffered in 1923. In fact, those in the capital city are living well by European standards and phenomenally well by Latin American standards.

And through it all, most Argentines remain remarkably good-humored about their triple-digit inflation.

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Jack Anderson

The New Argentina

13 November 1983

President Reagan should certify Argentina's progress in human rights and remove the embargo on U.S. arms sales as soon as the new government is installed. Not only was the democratic election impressive evidence that Argentina's long nightmare of military repression is coming to an end, but the fledgling democratic government will need U.S. support to survive.

A year ago, Congress authorized the president to lift the embargo once he was satisfied that Argentina's observance of basic human rights had improved. If the discredited Argentine military leadership doesn't panic at the last minute and stop the inauguration of Raul Alfonsin on schedule next month, the lifting of the arms embargo would demonstrate U.S. support for the new president.

The embargo, imposed by Congress in the mid-1970s, was intended as a stamp of disapproval on the military junta. Its "dirty war" against left-wing terrorists butchered at least 6,000 Argentines and possibly as many as 20,000, including pregnant women.

But there has been a stunning turnaround in the Argentine government's attitude toward the rights of its citizens. President-elect Alfonsin is a moderate who is completely untainted by the military's sordid record of torture and executions.

John Bushnell, U.S. chargé d'affaires in Buenos Aires, argued forcefully for certification in talks with my associate, Dale Van Atta. Other embassy officials, of differing political sympathies and for a variety of reasons, agreed that certification should come as soon as possible.

There is little question that in recent years Argentina's human rights record has been better than those of some of the countries that now get U.S. arms. But opponents of certification keep upping the ante. Bushnell warned that an insistence on perfection is doing harm to a government that has mended its ways and now seems headed for even stronger commitment to democracy.

One new condition the certification opponents insisted on was free elections. My associate went to Buenos Aires to see whether the election met the standards we take for granted in this country.

A national election commission official spent 90 minutes explaining every step of the voting process; it would be familiar to any American voter. Representatives of the two major political parties were stationed at each check-off table; the voters marked their ballots in the secrecy of the *"cuarto oscuro,"* or dark room. In fact, one U.S. observer concluded that there was less possibility of vote fraud in Argentina than in some U.S. precincts.

The elections were surprisingly orderly, marred by only a few incidents of minor violence. Hundreds of thousands of Peronistas were trucked into Buenos Aires for a mass rally in the main plaza. Many youthful *descamisados*, or shirtless ones—the historic backbone of the Peronist party—had stripped to the waist in the warm Argentine spring.

My associate, clearly a foreigner and carrying a movie camera, was able to elbow his way to within 50 feet of the speakers' platform. He encountered only one rowdy youth, who shoved him twice; and a pair of bungling pickpockets—hardly an alarming show of misconduct in a crowd of more than 1 million at the close of a bitterly contested election campaign.

Many predicted there would be blood in the streets of the capital if Alfonsin won. My associate returned to the same main square at midnight on election night, when supporters of the two major candidates were converging for one last hurrah.

On a side street, the two groups confronted each other with growing excitement. A major melee seemed about to break out. But a mere half-dozen policemen, with the aid of party leaders on both sides, deftly kept the few obvious troublemakers from turning catcalls into fistfights or worse.

The touchy situation had a truly amazing conclusion. When it had become clear that Alfonsin had won, the Peronistas and the triumphant Radicals joined in singing the national anthem in the main square.

Approved For Release 2008/12/10 : CIA-RDP87R00029R000300600016-4

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Coup, Terrorism Seen as Possible In Argentina

Intelligence sources raise two equally alarming possibilities in the wake of the election of moderate Radical Party leader Raul Alfonsin as president of Argentina: a military coup to prevent his scheduled December inauguration or renewed leftist terrorism if he makes it into office.

I sent my associate Dale Van Atta to Buenos Aires to look behind the scenes of Argentina's first election in 10 years. He spoke to Argentine and American sources and found that they shared the same concerns over the country's future.

Heading the secret agenda of a recent meeting of the U.S. Embassy's "Intelligence Group"—senior Central Intelligence Agency, Defense Intelligence Agency and Foreign Service officers—was this ominous item: "Possibility of military intervention prior to inauguration."

The sources would not estimate the likelihood of a military coup but they agreed that Alfonsin's landslide victory over Peronist candidate Italo Luder was probably the best deterrent to the generals and admirals. His clear popular mandate is in sharp contrast to the public's contempt for the top military brass, which capped years of misrule with a humiliating defeat in the Falklands war.

The chief cause of apprehension is Alfonsin's emphatic pledge to bring the top brass to book for the disappearance of perhaps 20,000 Argentines during the anti-leftist "dirty war" of the 1970s. If he persists in this determination, the military may move in to save their skins. The armed services still are controlled by men with plenty to hide. It seems improbable that they'll hold still for open public disgrace.

That's why many military leaders quietly backed the Peronist candidate. Luder indicated he might be willing to make a deal with the generals, in the tradition of Peronist-military back-scratching that has endured through four decades of see-saw power.

Alfonsin dropped no such comforting hints. But he undoubtedly will have to compromise, probably by prosecuting enough of the responsible military leaders to set an example, but not so many that the entire officer corps feels threatened.

The second item on the Intelligence Group's agenda was "Terrorism potential after inauguration." In the worst of the "dirty war," leftist terrorists murdered 800 Argentine officials and family members.

The biggest terrorist group was the Montoneros. They were originally Peronist-backed and, in fact, dozens of them marched in hoods at a pre-election party rally. Though some in the crowd gave them the Argentine equivalent of a Bronx cheer, the Montoneros still have Peronist supporters who may turn to terrorism to avenge the party's election defeat.

The election and its immediate aftermath were surprisingly nonviolent, considering the bitterness manifest in the campaign. Peronist posters depicted Alfonsin as the "Coca-Cola candidate"—a puppet of President Reagan, multinational corporations and Jews. The Star of David over his head was a clear appeal for the anti-Semitic vote.

The wealthy aristocrats backed Alfonsin, whose left-of-center views suited them better than the radical populist rhetoric of his opponent. In conversations with my associate at an exclusive club, several members of the upper crust referred to the Peronist party as "a zoo," and its supporters as "animals let out of their cages."

Interestingly, according to intelligence sources, both presidential candidates received modest covert campaign contributions from the CIA, which was hedging its bets on the outcome.